

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY OTTAWA

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FOLLOWING SENT ACTION SECSTATE INFO ALL EC CAPITALS
FROM EC BRUSSELS NOV 12

QUOTE LIMITED OFFICIAL USE EC BRUSSELS 8779

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E.O. 11652: N/A

TAGS: EAGR, ETRD, EEC

SUBJECT: US IMPORTS OF SUBSIDIZED COMMUNITY PECORINO CHEESE
VIA CANADA

1. BEGIN SUMMARY: HIJZEN INFORMED US THAT THE COMMISSION
WOULD WELCOME FURTHER INFORMATION ON POSSIBLE TRANSIT SHIPMENTS
THROUGH CANADA OF ITALIAN PECORINO CHEESE SUBSIDIZED BY THE
COMMUNITY. ACCORDING TO HIM, EC REGULATIONS REQUIRE THAT
SUBSIDIES BE DISBURSED ONLY ON PROOF THAT THE CHEESE HAS PAID
DUTY IN THE NOMINAL COUNTRY OF DESTINATION. IN A SEPARATE
TALK SOAMES TOLD AMBASSADOR GREENWALD THAT THE EC DELEGATION
IN WASHINGTON HAS REPORTED THAT THERE IS NO LONGER ANY SUCH
TRAFFIC. END SUMMARY.

2. FOLLOWING DISCUSSIONS WITH US, HIJZEN ON NOVEMBER 8 SAID
THAT THE EC REGULATION ALLOWING SUBSIDIES ON CHEESE EXPORTS
CLEARLY MAKES IT A NECESSARY CONDITION THAT THE CHEESE BE
IMPORTED INTO THE COUNTRY OF DESTINATION (ARTICLE 7 OF EC
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REGULATION 2110/74 OF 26 JULY 1974 PUBLISHED IN "OFFICIAL

JOURNAL" L220 OF AUGUST 10, 1974). THE SUBSIDY IS NOT SUPPOSED TO BE GRANTED UNTIL PAPERS HAVE BEEN PRESENTED SHOWING THAT ALL/CUSTOMS DUTIES HAVE BEEN PAID IN THE COUNTRY OF DESTINATION AND ALL FORMALITIES TAKEN CARE OF.

3. HIJZEN SAID IT WOULD BE CONTRARY TO THE REGULATIONS FOR GOODS TO BE SENT THROUGH CANADA IN TRANSIT DESTINED FOR THE UNITED STATES. IF THE UNITED STATES HAS EVIDENCE OF THIS KIND OF TRAFFIC, THE COMMISSION WOULD APPRECIATE RECEIVING INFORMATION ABOUT IT. IT WOULD NOT, HOWEVER, BE CONTRARY TO THE EC REGULATIONS FOR THE SUBSIDIZED CHEESE FORMALLY TO ENTER CANADA-THE DUTIES TO BE PAID-AND THEN BE SENT ON TO THE US. HOWEVER, HIJZEN WAS DOUBTFUL THAT THE EC SUBSIDY WOULD BE SO GERNEROUS THAT IT WOULD BE PROFITABLE FOR TRADERS TO PAY THE CANADIAN DUTY (I.E. HAVING THE CHEESE FORMALLY ENTER CANADA) AND THEN BE SHIPPED TO THE UNITED STATES PAYING THE US DUTY. IF THIS SECOND POSSIBILITY WERE IN FACT TAKING PLACE, HIJZEN WOULD ALSO APPRECIATE HAVING THE INFORMATION SINCE IT WOULD INDICATE THAT THE LEVEL OF EC RESTITUTIONS ON SHIPMENTS TO CANADA HAS BEEN SET TOO HIGH. HIJZEN MADE NO COMMITMENT BUT CLEARLY WANTS TO BE HELPFUL.

4. ON NOVEMBER 12 WE TOLD HIJZEN THAT TREASURY NOW UNDERSTANDS THAT THE CHEESE SHIPMENTS ARE ENTERING CANADA WITH THE DUTY PAID BUT THAT THE CANADIANS ARE GRANTING CUSTOMS DRAWBACKS ON EXPORTS TO THE UNITED STATES. HIJZEN SAID HE WAS UNABLE TO SAY IMMEDIATELY WHAT THE EFFECT OF THIS WOULD BE ON THE EC EXPORT RESTITUTIONS BUT HE WOULD CONSULT IN THE COMMISSION AND GET BACK TO US. MEANWHILE IT WOULD BE HELPFUL IF WASHINGTON COULD FURNISH DETAILS ON THE RECENT SHIPMENTS OF EC PECORINO CHEESE IN QUESTION, INCLUDING QUANTITIES.

5. IN A SEPARATE CONVERSATION ON NOVEMBER 8, EC COMMISSION VICE PRESIDENT SOAMES TOLD AMBASSADOR GREENWALD THAT THE COMMISSION HAD HEARD FROM ITS DELEGATION IN WASHINGTON (LENG) THAT THERE NOW APPEARS TO BE NO PROBLEM ABOUT COMMUNITY PECORINO CHEESE ENTERING THE UNITED STATES VIA CANADA SINCE THE TRAFFIC HAS CEASED. (WASHINGTON MAY WISH TO CHECK WITH LENG ON THIS POINT.)MYERSON
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